

**PUBLIC SESSION MINUTES**  
**North Carolina State Board of CPA Examiners**  
**September 23, 2013**  
**1101 Oberlin Road**  
**Raleigh, NC 27605**

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**MEMBERS ATTENDING:** Bucky Glover, CPA, Vice President; Maria M. Lynch, Esq., Secretary-Treasurer; Tawannah G. Allen, Ed.D.; Barton W. Baldwin, CPA (via telephone); John M. Kledis, CPA; and Michael H. Womble, CPA.

**STAFF ATTENDING:** Robert N. Brooks, Executive Director; David R. Nance, CPA, Deputy Director; Frank Trainor, Esq., Staff Attorney; Lisa R. Hearne, Manager-Communications; Ann J. Hinkle, Manager-Professional Standards; Buck Winslow, Manager-Licensing; and Noel L. Allen, Legal Counsel.

**GUESTS:** James T. Ahler, CEO, NCACPA; Cindy Brown, CPA, NCACPA; Suzanne Jolicoeur, Senior Manager, State Regulation & Legislation, AICPA and Curt Lee, Legislative Liaison, NCSA.

**CALL TO ORDER:** Vice President Glover called the meeting to order at 10:04 a.m.

**MINUTES:** The minutes of the August 19, 2013, meeting were approved as corrected.

**FINANCIAL AND BUDGETARY ITEMS:** The August 2013 financial statements were accepted as submitted.

The draft audit report for the Board for the year ending March 31, 2013, was presented. Ms. Allen and Mr. Womble moved to accept and approve the Board Audit Report for the year ending March 31, 2013 (Appendix I). Motion passed with six (6) affirmative and zero (0) negative votes.

**LEGISLATIVE AND RULE-MAKING ITEMS:** Mr. Brooks provided a brief update on legislation.

**STATE AND LOCAL ORGANIZATION ITEMS:** Mr. Brooks commented on the staff's participation in the September 20, 2013, CPA Day of Service in North Carolina.

**REPORT OF THE PROFESSIONAL STANDARDS COMMITTEE:** Mr. Baldwin moved and the Board approved the following recommendations of the Committee:

Case No. 200602-021 - Michael H. Lippman, CPA - Approve the signed Consent Order (Appendix II).

Case No. C2011140 - James R. Hovis, Jr., CPA - Approve the signed Consent Order (Appendix III).

Case No. C2012183-1 and Case No. C2012183-2 - James E. Avent, Jr., CPA - Messrs. Baldwin and Glover moved to approve the voluntary permanent suspension of the CPA certificate (Appendix IV) issued to James E. Avent, Jr. Motion passed with six (6) affirmative and zero (0) negative votes.

Case No. C2012311-1 and Case No. C2012311-2 - James G. Kimbrough, CPA, and James G. Kimbrough, Jr. - Approve the signed Consent Order (Appendix V).

Case No. C2012354 - Kenneth C. Porter, CPA - Approve the signed Consent Order (Appendix VI).

Case No. C2013004 - William K. Lively, CPA - Messrs. Baldwin and Glover moved to approve the five (5) year suspension of the CPA certificate (Appendix VII) issued to William K. Lively. Motion passed with six (6) affirmative and zero (0) negative votes.

Case No. C2013041 and Case No. C201306 - Hiestand, Brand, Loughran, PA, and Christopher L. Hiestand - Approve the signed Consent Order (Appendix VIII).

Case No. C2013109 - Jeremy D. Parvin, CPA - Approved the signed Consent Order (Appendix IX).

The Board approved the following Orders (Appendix X) as consented to by the following individuals:

Case No. C2013153 - Aletta M. Lane, CPA

Case No. C2013155 - Patsy R. Bolick, CPA

Case No. C2013160 - Douglas J. Campbell, CPA

Case No. C2013080 - Close the case without prejudice.

Case No. C201311-1 and Case No. C2013211-2 - Close the case without prejudice.

Case No. 2013024 - Randeep Singh Brar - Accept the signed Notice of Apparent Violation and Demand to Cease and Desist (Appendix XI).

**REPORT OF THE PROFESSIONAL EDUCATION AND APPLICATIONS COMMITTEE:** Ms. Lynch moved and the Board approved the following recommendations of the Committee:

**Transfer of Grades Applications** - The following were approved:

Alexander Davis Lanier  
Rachel Elise Loveland

Benjamin Taylor Mayo  
Mark Edwin Menezes

**Original Certificate Applications** - The following were approved:

Travonte Antonio Aldrich  
Natalie Davis Applonie  
Adam Cole Alfero  
Tyson Lee Badders  
Samuel Adam Begley  
Nicholas Anthony Ciamaricone  
Reuben Blake Dalton  
Jennifer Wren Durrett  
Thomas Allen Forrester III  
Carleton Harold Gallagher  
Arthur Marcellus Gipple IV  
Erica Marie Glasgow  
Kevin Ran Guo  
Julie Jones Harman  
Lillian Alice Houston  
Magda Jezovicova  
Alexander Davis Lanier  
Rachel Elise Loveland  
Meredith Danielle Lowry  
Benjamin Taylor Mayo  
Mark Edwin Menezes

Christopher Dean Moore  
Yuliya Sergeyevna Morris  
Jeffrey Justus Myers  
Carole Emily Wilson Pesta  
Kerry McClellan Plemmons  
Christine Wilson Rabon  
Justin David Rink  
Carlin Creech Smith  
Scott Jason Snyder  
David Marvin Stone  
Emily Jo Thronson  
Melissa Tiffany Vachon  
Leigh Byrum Vogedes  
Lin Wang  
Daniel Staten Waters  
Kyle Thomas White  
Galadriel Elisha Williams  
Patrick Ryan Willis  
Sophia D. Woo  
Jessica Lynn Baker Zemonek

Staff reviewed and recommended approval of the original application submitted by Ashley Victoria Bristow. Ms. Bristow failed to disclose pertinent information with her exam application but provided it with her certificate application. Staff recommended approval of the application with a one-year probationary period. The Committee approved staff recommendation.

Staff reviewed and recommended approval of the original application submitted by Joseph Warren Cook, IV. Mr. Cook failed to disclose pertinent information with his exam application but provided it with his certificate application. Staff recommended approval of the application with a one-year probationary period. The Committee approved staff recommendation.

**Reciprocal Certificate Applications** - The following were approved:

Brian David Donahue  
Bonaventure E. Ezewuzie  
David Lawrence Goldstein

Yung Ki Park  
Carlos Guillermo Santiago-Orria

**Temporary Permits** - The following temporary permits were approved by the Executive Director and ratified by the Board:

Tracy Allen Dyer T7493  
Mark Katherine Esleeck T7494  
Theodore William Walls T7495  
Michael John Bellairs T7496  
Jason Michael Lester T7497  
Heather Concoby Gray T7498  
Kirti H. Shah T7521

James Harrison Nichols T7522  
Anne T. M. Anderson T7523  
Jeff Paul Thomas T7524  
Steven Lyle Nashland T7525  
Susan Diana Sabo T7526  
Shemaine Latoya Rose T7527

**Reinstatements** - The following were approved:

Ronald Arthur Jordan #31728  
Elizabeth Peeler Kirby #17267  
Jana Mason Nethery #27555

Christopher John Schneider #31702  
Rodney Eugene Smallwood #27821

Staff reviewed and recommended approval of the reinstatement application submitted by Michael Heath Walters (#28179). Mr. Walters failed to disclose pertinent information with his exam application but provided it with his reinstatement application. Staff recommended approval of the application with a one-year probationary period. The Committee approved staff recommendation.

Staff reviewed and recommended approval of the original application submitted by James Brantley Willis (#25799). Mr. Willis failed to disclose pertinent information with his reciprocal certificate application but provided it with his reinstatement application. Staff recommended approval of the application with a one-year probationary period. The Committee approved staff recommendation.

**Reissuance of New Certificate** - Applications for reissuance of new certificate submitted by the following were approved.

Barbara Jones Bouffard #20559  
Teresa Lynne Brenan #34187

**Reissuance of New Certificate and Consent Agreement** - Applications for reissuance of new certificate and consent agreements submitted by the following were approved.

Viola Cutshall Shelton #21088  
Gordon Valden Wheeler #34461

**Letter of Warning** - Staff received and recommended approval of the request to rescind the letter of warning awarded to Kristen M. Goodlaxson (#23677). The Committee approved staff recommendation.

**Examinations** - The Committee reviewed and approved the following staff approved applicants to sit for the Uniform CPA Examination:

Michelle Abercrombie  
Alisha Adams  
Amanda Aiken  
Michael Alford  
Jennifer Anderson  
Mark Arrington  
Brent Ashburn  
Meghan Ayscue  
Bruce Baird  
Thomas Barker  
Nicolas Barnes  
Valerie Barney  
Philip Barr  
Gina Behan  
Stephen Benson  
Christine Black  
Morgan Blaisdell-Buck  
Amy Bleeker  
Stephanie Blonchek  
Matthew Borders  
Alexander Bouknight  
Michael Bowers  
Allison Braswell  
Kimberly Brown  
Lucas Brown  
Desmona Brown-Cayruth  
Ashley Bryson  
Joseph Buckland  
Christina Burnett  
Amelia Byrd

William Call  
Abigail Campbell  
John Capasso  
Laura Carter  
Fangyuan Chang  
Baron Chen  
Nikhil Chheda  
Charlene Cook Controne  
David Cooper  
Kenneth Cooper  
Ryan Cornell  
Margaret Correll  
Jonathan Cothran  
Taylor Creedon  
Cameron Cross  
Zeynep Cukro  
Erin Cutler  
Lauren Daughtry  
Laura Davenport  
Morris Davis  
Valerie Derrick  
Ghassan Dib  
Andrew Dixon  
Michael Doggett  
Stephen Dunn  
Elena Dusenbury  
Tracy Ellis  
Melanie Erickson  
Elliott Etheridge  
Nicole Evanger

Mallory Felder  
Brittany Fields  
Mary Fischer  
Natalie Flannery  
Jennifer Ford  
Scott Foreman  
Adam Forsberg  
Lauren France  
Monte Gainey  
Michael Gardner  
Adam Gattoni  
Cordny Gilchrist  
Carolyn Gile  
Staci Ginsburg  
Nicole Girard  
Ashley Good  
Matthew Green  
Carole Guttery  
William Haithcock  
Natasha Hall  
Bradley Hamby  
David Hamilton  
Ashley Hamm  
Mallory Hammett  
Geri Hare  
Ashley Hare Massey  
Sonya Harris  
Warren Harvey  
Stephen Hathcock  
Margaret Helton  
Lori Henson  
Nicholas Heyland  
Jeremy Hiatt  
Crystal Hill  
Ashley Holder  
Gregory Howard  
Julia Howe  
Paul Huckle  
Lindsay Huebler  
Amber Huffman  
Mary Hutchings  
Hong Joon Im  
Loren Jackson

Mia Jackson  
Carla Jacobs  
Jessica Johannessen  
Kristi Johnson  
Robert Johnson  
Stephen Johnson  
Christopher Jones  
Joshua Jones  
Ashley Keen  
Sharon Kerley  
Rahul Kharva  
Ryan Kildoo  
Johnathan Kildosher  
Perry King  
John Tyler Knox  
Charles Lake  
Bradley Lam  
Robert Larison  
Cilla Laurence  
Crandall Lea  
Minxue Lin  
Randall Little  
Stuart Long  
Maria Maldonado  
Joseph Marks  
Nino Matic  
Wilson McGuire  
Marianne McKnight  
Matthew McNealy  
Jacqueline Messier  
Ashley Middleton  
Matthew Milbourn  
Mildrid Ngamelue  
Thao Nguyen  
Robert Nicholson, II  
Chun Nip  
Farah Noameshie  
Casey Noble  
Ryan O'Neal  
Jason Oliver  
Anna Olson  
Miles Onafowora  
Jovanny Ortiz

Andrea Pack  
Amy Page  
Andrew Parsons  
Trushaben Patel  
Urvish Patel  
Sara Pearson  
Jessica Pemberton  
William Perrault  
Alexander Putzer  
Kun Qian  
Kristie Race  
David Raines  
Natalie Reed  
Travis Reed  
Jamie Reynolds  
Anna Riddle  
Jeremy Roberts  
Erica Rock  
Burnis Rollinson  
Brian Roundtree  
Jonathan Sawyer  
Elisabeth Schwarz  
Shay Sellati  
Pamela Seward  
Gabrielle Shahid  
Fang Shen  
Chad Sherin  
Ashley Shinn  
Amber Shively  
Chon Shoaf  
Adetoikunbo Shuler  
Karine Simonyants  
Courtney Smith  
Rhonda Smith  
Waylon Smith  
Emilee Somers  
Danielle Spaugh  
Jeffrey Speanburg  
Alex Speight  
Kira Staggers  
Andrew Stanley

Kent Stanton  
Samantha Stoddard  
Diana Stoyneva  
Steven Strickland  
Angela Stromberger  
Kristin Stroud  
Mollie Swann-Deyoung  
Dayvon Taliaferro  
Anthony Tallarico  
Nathan Tate  
William Tate  
Willie Tate  
Brittany Tetlow  
Jevon Thomas  
Jonathan Thornton  
Caitlin Townsend  
Daniel Vandekar  
Kelli Vollick  
Eric Vozzo  
Stephanie Wall  
Qin Wang  
Cherise Washington  
Morgan Webster  
Charles Wells  
Binbin Weng  
Frank White  
John Whitley  
Heather Whittington  
David Williams  
Brian Wilson  
Patty Wilson  
Ryan Winkler  
Joseph Wood  
Brad Woodard  
Jack Xie  
Lei Xu  
Bradley Yacenda  
Melissa Young  
Najla Zeitawi  
Weiqian Zhang

Staff reviewed and recommended approval of a hypothetical CPA initial exam application. Staff recommended approval of the request. The Committee approved staff recommendation.

Staff reviewed and recommended disapproval of three hypothetical CPA initial exam applications. Staff recommended disapproval of all three requests. The Committee disapproved all three requests.

**Miscellaneous** – The Committee reviewed an Independent Assessment Report for the course, "NCACPA's 2013 CPE Beach Cluster."

**ADJOURNMENT:** Ms. Allen and Mr. Kledis moved to adjourn the meeting at 10:29 am. Motion passed.

Respectfully submitted:

Attested to by:



Robert N. Brooks  
Executive Director



Jose R. Rodriguez, CPA  
President



**NORTH CAROLINA STATE BOARD  
OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS**

**FINANCIAL STATEMENTS**

**FOR THE FISCAL YEARS ENDED  
MARCH 31, 2013 AND 2012**

**BERNARD ROBINSON & COMPANY, L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS**

NORTH CAROLINA STATE BOARD  
OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEARS ENDED MARCH 31, 2013 AND 2012

BOARD MEMBERS

Jose R. Rodriguez, CPA, President

Bucky Glover, CPA, Vice-President

Maria M. Lynch, Esquire, Secretary-Treasurer

Barton W. Baldwin, CPA

John M. Kledis, CPA

Michael H. Womble, CPA

Tawannah G. Allen, Ed.D.

ADMINISTRATIVE STAFF

Robert N. Brooks, Executive Director

David R. Nance, CPA, Deputy Director

Frank X. Trainor, Esquire, Staff Attorney

OUTSIDE LEGAL COUNSEL

Allen, Pinnix & Nichols, P.A.

Noel L. Allen, Esquire

NORTH CAROLINA STATE BOARD  
OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS

FOR THE FISCAL YEARS ENDED MARCH 31, 2013 AND 2012

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North Carolina State Board of Certified Public Accountant Examiners  
Management's Discussion and Analysis

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## Introduction

The following discussion and analysis provides an overview to assist the reader in interpreting and understanding the accompanying basic financial statements. This overview includes a comparative financial analysis with discussion of significant changes from the prior year, as well as a discussion of currently known facts, decisions, and conditions. This information is provided by the North Carolina State Board of Certified Public Accountant Examiners' (Board) management in conjunction with the issuance of the accompanying financial statements.

## Overview of the Basic Financial Statements

The Statements of Net Position provide information relative to the Board's assets, deferred outflows, liabilities, deferred inflows, and the resulting net position as of the last day of the fiscal year. Assets and liabilities on these statements are categorized as either current or noncurrent. Current assets are those that are available to pay for expenses in the next fiscal year. Current liabilities are those payable in the next fiscal year. The Board currently has no elements that meet the definition of deferred inflows or deferred outflows. Net position on these statements is categorized as either invested in capital assets or unrestricted. Overall, the Statements of Net Position provide information relative to the financial strength of the Board and its ability to meet current and long-term obligations.

The Statements of Revenues, Expenses, and Changes in Net Position provide information relative to the results of the Board's operations, non-operating activities, and other activities affecting net position that occurred during the fiscal year. Operating activities include the licensure and examination activities for the public practice of accountancy in the State. Non-operating activities include primarily investment income and office rental activities for a portion of the Board-owned building. Overall, the Statements of Revenues, Expenses, and Changes in Net Position provide information relative to the Board's management of its operations and its ability to maintain its financial strength. The above statements are articulated by agreeing the ending net position reported on both statements.

The Statements of Cash Flows provide information relative to the Board's sources and uses of cash funds for operating activities, capital financing activities, and investing activities. These statements provide a reconciliation of beginning cash balances to ending cash balances and is representative of activity reported on the Statements of Revenues, Expenses, and Changes in Net Position as adjusted for changes in beginning and ending balances of noncash accounts on the Statements of Net Position.

The three statements described above are the basic financial statements required by the Governmental Accounting Standards Board (GASB) accounting principles. In accordance with GASB, the financial statements are presented on the Board as a whole and use reporting concepts in a manner similar to that required of a business enterprise. The financial statement

**North Carolina State Board of Certified Public Accountant Examiners**  
**Management's Discussion and Analysis**

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balances reported are presented in a classified format to aid the reader in understanding the nature of the financial statement balances.

In using the basic financial statements, the Notes to the Financial Statements accompanying the basic financial statements should be read in conjunction with the basic financial statements. The Notes to the Financial Statements provide information relative to the significant accounting principles applied in the basic financial statements, authority for and associated risk of deposits and investments, detailed information on capital assets and noncurrent liabilities, revenues and expenses, required information on pension plans, insurance against losses, commitments and contingencies, accounting changes, and if necessary a discussion of adjustments to prior periods and events subsequent to the Board's financial statement period. Overall, the Notes to the Basic Financial Statements provide information to better understand details, risk, and uncertainty associated with amounts reported in the basic financial statements.

**Brief Agency Highlights**

The Board is an occupational licensing board that grants certificates of qualification as certified public accountants (CPAs) to those individuals who meet the statutory requirements. The Board also adopts and enforces the Rules of Professional Ethics and Conduct to be observed by CPAs in this State. Other functions of the Board include registration of CPA firms; renewal of CPA certificates and CPA firm registrations; administration of the Uniform CPA Examination; administration of the continuing professional education (CPE) compliance program; disposition of administrative hearings with respect to State statutes and rules; and administration of other provisions of Chapter 93 of the *North Carolina General Statutes*.

**Analysis of Financial Position and Results of Operations**

The Board's net position as of March 31, 2013 and March 31, 2012, was approximately \$2.32 million and \$2.28 million, respectively, an increase of \$40,000 during the year.

# North Carolina State Board of Certified Public Accountant Examiners

## Management's Discussion and Analysis

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### Condensed Financial Information

The following table summarizes the North Carolina State Board of Certified Public Account Examiners' assets, liabilities and net position as of March 31, 2013 and 2012.

**Condensed Statements of Net Position**  
**March 31, 2013, 2012, and 2011**

<b>Assets</b>	<b>2013</b>	<b>2012</b>	<b>% Change</b>	<b>2012</b>	<b>2011</b>	<b>% Change</b>
Current Assets	\$ 1,267,240	\$ 819,214	54.69%	\$ 819,214	\$ 1,027,442	-20.27%
Noncurrent Assets	638,235	1,059,084	-39.74%	1,059,084	749,852	41.24%
Capital Assets, Net	980,772	1,029,998	-4.78%	1,029,998	911,349	13.02%
<b>Total Assets</b>	<b>2,886,247</b>	<b>2,908,296</b>	<b>-0.76%</b>	<b>2,908,296</b>	<b>2,688,643</b>	<b>8.17%</b>
<b>Liabilities</b>						
Current Liabilities	502,393	549,586	-8.59%	549,586	508,127	8.16%
Noncurrent Liabilities	64,208	77,458	-17.11%	77,458	75,307	2.86%
<b>Total Liabilities</b>	<b>566,601</b>	<b>627,044</b>	<b>-9.64%</b>	<b>627,044</b>	<b>583,434</b>	<b>7.47%</b>
<b>Net Position</b>						
Invested in Capital Assets	980,772	1,029,998	-4.78%	1,029,998	911,349	13.02%
Unrestricted	1,338,874	1,251,254	7.00%	1,251,254	1,193,860	4.81%
<b>Total Net Position</b>	<b>\$ 2,319,646</b>	<b>\$ 2,281,252</b>	<b>1.68%</b>	<b>\$ 2,281,252</b>	<b>\$ 2,105,209</b>	<b>8.36%</b>

### Current Assets

Current assets as of March 31, 2013, consisted primarily of cash, \$240,000, investments, \$1,019,000, and receivables, \$8,000. Current assets as of March 31, 2012, consisted primarily of cash, \$148,000, investments, \$661,000, and receivables, \$10,000.

Current assets increased during the fiscal year March 31, 2013, due to the increase in cash and short-term certificates of deposit as a majority of the Board's certificates of deposit mature within one year and are classified as current assets.

### Noncurrent Assets and Capital

Noncurrent assets as of March 31, 2013, primarily consisted of investments, \$637,000 and capital assets, \$981,000. Noncurrent assets as of March 31, 2012, consisted of investments, \$1,056,000, and capital assets, \$1,030,000.

Noncurrent assets decreased during the fiscal year March 31, 2013 due to the reclassification of investments as current noted above as well as the disposal of fully depreciated assets in the amount of \$38,000.

**North Carolina State Board of Certified Public Accountant Examiners**  
**Management's Discussion and Analysis**

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**Liabilities**

Current liabilities as of March 31, 2013, consisted primarily of accounts payable, \$26,000, due to examination vendors, \$451,000, accrued compensated absences, \$25,000, and unearned revenue, \$720. Current liabilities as of March 31, 2012, consisted primarily of accounts payable, \$24,000, due to examination vendors, \$474,000, and unearned revenue, \$51,000. The net decrease in current liabilities is primarily caused by the \$50,000 decrease in the unearned revenue due to the timing of licensees' certificate renewals and \$25,000 due to examination vendors related to a lesser number of candidates sitting for the exam. These amounts offset the increase of \$25,000 related to the accrued compensated absences which is due primarily to the anticipated payout of unused vacation accrual to the retiring deputy director.

Noncurrent liabilities consisted entirely of accrued compensated absences in the amount of \$64,000 and \$77,000 as of March 31, 2013 and 2012, respectively. The amount decreased during the current year to properly reflect the above amount to be paid out within the upcoming fiscal year.

**Net Position**

The Board's net position consists of net assets invested in capital assets and unrestricted net assets. Net assets invested in capital assets were \$981,000 and \$1,030,000 as of March 31, 2013 and 2012, respectively. Unrestricted net assets of \$1.34 and \$1.25 million as of March 31, 2013 and 2012, respectively, represent amounts not subject to externally imposed stipulations, but subject to internal designations for various activities and initiatives.

For the year ended March 31, 2013, the increase in net assets of \$40,000 is primarily attributable to the increase in non-operating income related to rental of Board office space.

# North Carolina State Board of Certified Public Accountant Examiners

## Management's Discussion and Analysis

The Statements of Revenues, Expenses, and Changes in Net Position present the results of the Board's operations for the report period. The following table summarizes the Board's revenues, expenses, and changes in net position for the years ended March 31, 2013 and 2012.

**Condensed Statements of Revenues, Expenses, and Changes in Net Position**  
For the Fiscal Years Ended March 31, 2013, 2012, and 2011

	2013	2012	% Change	2012	2011	% Change
<b>Operating Revenues:</b>						
Exam Fees	\$ 1,435,721	\$ 1,494,670	-3.94%	\$ 1,494,670	\$ 1,590,333	-6.02%
Certificate Fees	1,295,485	1,275,560	1.56%	1,275,560	1,063,660	19.92%
Miscellaneous	1,889	3,719	-49.21%	3,719	1,305	184.98%
Operating Expenses	(2,741,057)	(2,636,454)	3.97%	(2,636,454)	(2,724,269)	-3.22%
<b>Operating Income (Loss)</b>	<b>(7,962)</b>	<b>137,495</b>	<b>-105.79%</b>	<b>137,495</b>	<b>(68,971)</b>	<b>-299.35%</b>
<b>Non-Operating Revenues</b>	<b>63,979</b>	<b>55,107</b>	<b>16.10%</b>	<b>55,107</b>	<b>40,053</b>	<b>37.59%</b>
<b>Non-Operating Expenses</b>	<b>(17,623)</b>	<b>(16,559)</b>	<b>6.43%</b>	<b>(16,559)</b>	<b>(12,004)</b>	<b>37.95%</b>
<b>Increase in Net Position</b>	<b>38,394</b>	<b>176,043</b>	<b>-78.19%</b>	<b>176,043</b>	<b>(40,922)</b>	<b>-530.19%</b>
<b>Net Position Beginning of Year</b>	<b>2,281,252</b>	<b>2,105,209</b>	<b>8.36%</b>	<b>2,105,209</b>	<b>2,146,131</b>	<b>-1.91%</b>
<b>Net Position End of Year</b>	<b>\$ 2,319,646</b>	<b>\$ 2,281,252</b>	<b>1.68%</b>	<b>\$ 2,281,252</b>	<b>\$ 2,105,209</b>	<b>8.36%</b>

### Operating Revenues

For the fiscal year ended March 31, 2013, operating revenues totaled \$2.73 million, consisting primarily of exam fee revenue of \$1.44 million and licensing fee revenues of \$1.30 million. For the fiscal year ended March 31, 2012, operating revenues totaled \$2.77 million, consisting primarily of exam fee revenue of \$1.49 million and licensing fee revenues of \$1.28 million.

### Non-Operating Revenues

For the fiscal year ended March 31, 2013, non-operating revenues totaled \$64,000, primarily from interest income of \$25,000 and rental income of \$30,000. For the fiscal year ended March 31, 2012, non-operating revenues totaled \$55,000, primarily from interest income of \$32,000 and rental income of \$10,000.



**North Carolina State Board of Certified Public Accountant Examiners**  
**Management's Discussion and Analysis**

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The following table summarizes the Board's expenses (operating and non-operating) for the reporting periods.

**Operating and Non-Operating Expenses**  
**For the Fiscal Years Ended March 31, 2013, 2012, and 2011**

<b>Operating Expenses</b>	<b>2013</b>	<b>2012</b>	<b>% Change</b>	<b>2012</b>	<b>2011</b>	<b>% Change</b>
Administrative	\$ 1,713,279	\$ 1,550,217	10.52%	\$ 1,550,217	\$ 1,566,714	-1.05%
Examination	980,474	1,037,369	-5.48%	1,037,369	1,121,545	-7.51%
Building	47,304	48,868	-3.20%	48,868	36,010	35.71%
<b>Total Operating Expenses</b>	<b>\$ 2,741,057</b>	<b>\$ 2,636,454</b>	<b>3.97%</b>	<b>\$ 2,636,454</b>	<b>\$ 2,724,269</b>	<b>-3.22%</b>
<b>Non-Operating Expenses</b>						
Non-Operating Expense	\$ 17,623	\$ 16,559	6.43%	\$ 16,559	\$ 12,004	37.95%
<b>Total Non-Operating Expenses</b>	<b>\$ 17,623</b>	<b>\$ 16,559</b>	<b>6.43%</b>	<b>\$ 16,559</b>	<b>\$ 12,004</b>	<b>37.95%</b>

For the fiscal year ended March 31, 2013, the increase in administrative expenses was related to an increase in salaries and benefits cost of \$131,000 related to the hiring of a replacement deputy director and increased health care costs. Additional costs were also incurred for board travel \$11,000, postage \$11,000, scholarships \$7,000, and computer software costs \$11,000. Examination costs decreased by \$57,000 as a lesser number of candidates sat for the exam during the year.

**Economic Factors That Will Affect the Future**

The main factors impacting the economic outlook for the Board are the number of candidates seeking to sit for the Uniform Certified Public Accountants examination and the number of licensees registered with the State.

The Board derives 95% of its revenues from examination and licensing fees. Exam revenues have decreased slightly over the past year as a lesser number of examination sections were taken by examination candidates. However, that decrease was offset by a slight increase in active licensees in North Carolina, resulting in an increase in registration fees. The Certified Public Accountant credential is highly regarded in the business world and the Board expects candidates to continue to seek licensure for the foreseeable future.

**North Carolina State Board of Certified Public Accountant Examiners**  
**Management's Discussion and Analysis**

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**Contacting the Board's Management**

This financial report is designed to provide a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives and expends. If you have any questions about this report or need additional information, contact:

North Carolina State Board of Certified Public Accountant Examiners  
Post Office Box 12827  
Raleigh, North Carolina 27605-2827

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
North Carolina State Board of Certified Public Accountant Examiners  
Raleigh, North Carolina

### ***Report on the Financial Statements***

We have audited the statements of net position of the North Carolina State Board of Certified Public Accountant Examiners (the Board) as of March 31, 2013 and 2012, and the related statements of revenues, expenses, and changes in net position, and cash flows for the fiscal years then ended and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of these basic financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these basic financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

*Opinions*

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Board's activities as of March 31, 2013 and 2012, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Other Matters*

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the basic financial statements. The supplementary schedules listed on the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Bernard Robinson & Company, L.L.P.*

Raleigh, North Carolina  
August 19, 2013

*North Carolina State Board of Certified Public Accountant Examiners*  
*Statements of Net Position*  
*As of March 31*

	2013	2012
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 240,215	\$ 147,617
Short-Term Investments	1,018,696	660,615
Accounts Receivable	6,474	9,127
Deferred Lease Commission	1,855	1,855
Total Current Assets	1,267,240	819,214
Noncurrent Assets:		
Investments	637,000	1,055,993
Deferred Lease Commission	1,235	3,091
Capital Assets, Non-Depreciable (Note 4)	300,000	300,000
Capital Assets, Depreciable, Net (Note 4)	680,772	729,998
Total Noncurrent Assets	1,619,007	2,089,082
Total Assets	2,886,247	2,908,296
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	25,598	23,912
Due to Examination Vendors	450,639	474,494
Unearned Revenue	720	51,180
Compensated Absences (Note 5)	25,436	-
Total Current Liabilities	502,393	549,586
Noncurrent Liabilities:		
Compensated Absences (Note 5)	64,208	77,458
Total Liabilities	566,601	627,044
<b>NET POSITION</b>		
Investment in Capital Assets	980,772	1,029,998
Unrestricted (Note 1K)	1,338,874	1,251,254
Total Net Position	\$ 2,319,646	\$ 2,281,252

The accompanying notes to the basic financial statements are an integral part of these audited statements.

*North Carolina State Board of Certified Public Accountant Examiners*  
*Statements of Revenues, Expenses, and Changes in Net Position*  
*For the Fiscal Years Ended March 31*

	2013	2012
<b>OPERATING REVENUES</b>		
Examination Fees	\$ 1,435,721	\$ 1,494,670
Licensing Fees	1,295,485	1,275,560
Miscellaneous	1,889	3,719
Total Operating Revenues	2,733,095	2,773,949
<b>OPERATING EXPENSES</b>		
Administrative	1,713,279	1,550,217
Examination	980,474	1,037,369
Building	47,304	48,868
Total Operating Expenses	2,741,057	2,636,454
Operating Income (Loss)	(7,962)	137,495
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest Income	24,979	31,952
Rental Income	30,300	10,000
Credit Card Rebates	8,700	13,050
Gain on the Sale of Equipment	-	105
Building	(17,623)	(16,559)
Total Non-operating Revenues (Expenses)	46,356	38,548
Change in Net Position	38,394	176,043
<b>NET POSITION</b>		
Net Position - Beginning of Year	2,281,252	2,105,209
Net Position - End of Year	\$ 2,319,646	\$ 2,281,252

The accompanying notes to the basic financial statements are an integral part of these audited statements.

*North Carolina State Board of Certified Public Accountant Examiners*  
*Statements of Cash Flows*  
*For the Fiscal Years Ended March 31*

	2013	2012
<b>CASH FLOWS PROVIDED FROM (USED FOR) OPERATING ACTIVITIES</b>		
Received from Fees	\$ 2,680,746	\$ 2,756,200
Other Amounts Received	1,889	3,719
Payments to Employees for Services	(1,199,636)	(1,078,610)
Payments for Administrative, Examination, and Building Expenses	(1,483,177)	(1,424,373)
Net Cash Provided From (Used For) Operating Activities	(178)	256,936
<b>CASH FLOWS PROVIDED FROM (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of Capital Assets	(13,712)	(183,774)
Proceeds From the Sale of Capital Assets	-	105
Cash Used For Capital and Related Financing Activities	(13,712)	(183,669)
<b>CASH FLOWS PROVIDED FROM (USED FOR) INVESTING ACTIVITIES</b>		
Proceeds from Maturing Investments	908,549	959,621
Purchases of Investments	(839,717)	(966,756)
Non-Operating Rental Activities	12,677	(6,456)
Interest Income	24,979	32,349
Cash Provided From Investing Activities	106,488	18,758
Net Increase in Cash	92,598	92,025
Cash - Beginning of Year	147,617	55,592
Cash - End of Year	\$ 240,215	\$ 147,617
<b>RECONCILIATION OF OPERATING GAIN (LOSS) TO NET CASH PROVIDED FROM (USED FOR) OPERATING ACTIVITIES</b>		
Operating Gain (Loss)	\$ (7,962)	\$ 137,495
Adjustments to Reconcile Operating Gain (Loss) to Cash		
Provided From (Used For) Operating Activities:		
Depreciation Expense	56,874	60,076
Credit Card Rebates Redeemed	8,700	13,050
Changes in Assets and Liabilities:		
Accounts Receivable	2,653	2,705
Accounts Payable	1,686	(14,339)
Due to Examination Vendors	(23,855)	69,828
Unearned Revenue	(50,460)	(14,030)
Accrued Vacation	12,186	2,151
Net Cash Provided From (Used For) Operating Activities	\$ (178)	\$ 256,936
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>		
Capital asset write-offs	\$ 37,172	\$ -

The accompanying notes to the basic financial statements are an integral part of these audited statements.

NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
MARCH 31, 2013

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NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

- A. **Organization and Purpose** - The North Carolina State Board of Certified Public Accountant Examiners (Board) is an independent State agency. It is an occupational licensing board authorized by Chapters 93 and 93B of the *North Carolina General Statutes*. The Board is composed of seven members: five persons who are holders of valid and unrevoked certified public accountant certificates issued under the provisions of Chapter 93, and two persons who are not certified public accountants and represent the public at large.

The Board's primary responsibilities are to administer the Uniform CPA Examination, to grant certificates of qualification as certified public accountants to qualified persons, to register certified public accounting firms, adopt and enforce the Rules of Professional Ethics and Conduct to be observed by CPAs in this State, and to enforce all statutes and rules of *North Carolina General Statutes* Chapter 93 and the *North Carolina Administrative Code*, Title 21, Chapter 08.

The Board had 19,384 and 18,987 licensees as of March 31, 2013 and 2012, respectively.

- B. **Financial Reporting Entity** - The concept underlying the definition of the financial reporting entity is that elected officials are accountable to their constituents for their actions. As required by accounting principles generally accepted in the United States of America (GAAP), the financial reporting entity includes both the primary government and all of its component units. An organization other than a primary government serves as a nucleus for a reporting entity when it issues separate financial statements. The Board is a component unit of the State of North Carolina and is an integral part of the State's *Comprehensive Annual Financial Report* (CAFR).

Component units are legally separate entities for which the State is financially accountable. Accountability is defined as the State's substantive appointment of a majority of the component unit's governing board. Furthermore, to be financially accountable, the State must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific benefits to, or impose



## NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

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specific financial burdens on, the State. Financial accountability also exists when an organization is fiscally dependent upon the State.

As required by *North Carolina General Statute* 93-12, the Governor appoints the seven members of the Board. The Board's operations are financed with self-generated revenues from fees charged to examinees and licensees. Because of the State's appointment of the Board and the benefit/burden relationship, the Board is a component unit of the State of North Carolina and the Board's basic financial statements are included in the State's CAFR.

The accompanying basic financial statements present all funds and activities for which the Board is responsible.

- C. Basis of Presentation** - The accompanying basic financial statements are presented in accordance with accounting principles generally accepted in the United States of America as prescribed by Governmental Accounting Standards Board (GASB).

Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

- D. Basis of Accounting** - The basic financial statements of the Board are prepared using the economic resource measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when a liability has been incurred, regardless of the timing of the cash flows.

The Board classifies its revenues and expenses as operating or non-operating in the accompanying Statements of Revenues, Expenses, and Changes in Net Position. Operating revenues and expenses generally result from providing services that are necessary to the Board's principal ongoing operations. Operating revenues include activities that have characteristics of exchange transactions and consist primarily of examination and license fees. Operating expenses are all expense transactions incurred other than those related to capital and noncapital financing or investing activities as defined by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*.

Non-operating revenues and expenses include activities that have characteristics of non-exchange transactions and consist primarily of

## NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

rental and investing type activities. Building expenses are allocated to operating or non-operating activities based on square footage.

- E. **Cash** - This classification includes cash on deposit and money market accounts with private bank accounts. For the purpose of the Statements of Cash Flows, the Board considers all investments with a maturity of three months or less when purchased to be cash.
- F. **Investments** - This classification includes non-negotiable certificates of deposit with original maturities of more than three months. Certificates of deposit maturing within one year are shown as current. The certificates of deposit are reported at fair market value, which is cost plus accrued interest to date.
- G. **Receivables** - Receivables consist of amounts due from administrative proceedings and are shown at book value with no provision for doubtful accounts considered necessary.
- H. **Capital Assets** - Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The Board capitalizes assets that have a value or cost of \$500 or greater at the date of acquisition and an expected useful life of in excess of two years.

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building	10 - 40
Furniture	7 - 10
Equipment	5 - 10
Software	5
Vehicle	5

When an asset is disposed of, the cost of the asset and the related accumulated depreciation are removed from the financial records. Any gain or loss on disposition is reflected as a non-operating activity for the year.

The Board occupies 75% of its building while leasing the other 25% of the building, which is also accounted for as a non-operating activity.

- I. **Noncurrent Liabilities** - Noncurrent liabilities consist of compensated absences that will not be paid within the next fiscal year.

- J. Compensated Absences** – Employees are permitted to accumulate earned but unused vacation pay benefits and all vacation pay is accrued when incurred. When determining the vacation pay liability due within one year, leave is considered taken on a last in, first out (LIFO) basis. The Board's policy provides for a maximum accumulation of unused vacation leave of 30 days for staff members and 45 days for the Executive and Deputy Directors which can be carried forward each April 1<sup>st</sup> or for which an employee can be paid upon termination of employment. Also, any accumulated vacation leave in excess of 30 days as of March 31 is converted to sick leave.

The Board's sick leave policy provides for an unlimited accumulation of earned sick leave. There is no liability for unpaid accumulated sick leave because the Board has no obligation to pay sick leave upon employee termination or retirement.

- K. Net Position** - The Board's net position is classified as follows:

**Invested in Capital Assets** - This represents the Board's total investment in capital assets, net of accumulated depreciation.

**Unrestricted Net Assets** - Assets with no external restriction as to use or purpose. They can be employed for any purpose designated by the governing board, as distinguished from funds restricted externally for specific purposes.

Designations of net assets represent tentative management plans that are subject to change based on perceived operating conditions and situations.

## NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

Designated amounts as of March 31, 2013 were as follows:

Litigation	\$ 750,000
Operating Expenses	300,000
Capital Asset Acquisitions and/or Improvements	100,000
Total	<u>\$ 1,150,000</u>

- L. **Budgetary Information** – Annual budgets are adopted by the Board and prepared and reported on the accrual basis of accounting. The budget prepared for fiscal year ended March 31, 2013 identifies major sources of revenue and expenses that were intended for the year and is presented as Schedules of Budget and Actual – Revenues, Expenses, and Changes in Net Position in the supplementary information. Although budgeted amounts lapse at year-end, the Board retains its unexpended net assets to fund expenses of the succeeding year.
- M. **Use of Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates, resulting in adjustments in future periods.

### NOTE 2 – DEPOSITS AND INVESTMENTS

- A. **Deposits** - All funds of the Board are deposited in board-designated official depositories or brokerage firms. The Board's deposits include cash on deposit with private bank accounts, money market accounts, and certificates of deposit. The amount shown on the Statements of Net Position as cash consists of deposits in private financial institutions with a carrying value of \$1,895,911, and a bank balance of \$1,958,620. Included in the deposits in private financial institutions are certificates of deposit in the amount of \$1,655,696 reported as investments in the Statements of Net Position.

Custodial credit risk is the risk that in the event of a bank failure, the Board's deposits may not be returned to it. The Board does not have a formal deposit policy for custodial credit risk. The Board's deposits with each commercial bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Board's bank deposits in excess of the FDIC insured limit totaled \$465,710 at March 31, 2013.

## NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

- B. **Investments** - There are no legal limitations on the types of investments by the Board. The Board has adopted formal investment policies to establish investment objectives, standards of prudence, eligible investments, and safekeeping and custodial procedures necessary for the prudent management of the private funds maintained by the Board.

The Board is subject to the following risks:

*Interest Rate Risk:* Interest rate risk is the risk the Board may face should interest rate variances affect the fair value of investments. In accordance with its investment policy, the Board manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio. For its major investment type, certificates of deposit maturities may not exceed 24 months.

*Credit Risk:* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Board manages credit risk by diversifying its investment portfolio. Investments are limited to:

- Obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States
- Obligations of the State of North Carolina
- Time Deposits, Certificates of Deposit, and Savings Accounts of financial institutions with a physical presence in North Carolina

The following table presents the fair value of investments by type and investments subject to interest rate risk and credit risk at March 31, 2013, for the Board's investments.

Investment Type	Fair Value	Properties of Debt Securities	
		Weighted Average Maturities	Ratings
Other Securities:			
Certificates of Deposit	\$ 1,655,696	N/A	N/A

Certificates of deposit reported as investments are also a component of the deposit totals reported in the deposits section of this note.

## NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

A reconciliation of deposits and investments for the Board to the basic financial statements at March 31, 2013, is as follows:

	Amount
Carrying Amount of Deposits with Private Financial Institutions	\$ 223,144
Money Market Mutual Funds	17,071
Investments in Certificates of Deposit	1,655,696
<b>Total Deposits and Investments</b>	<b>\$ 1,895,911</b>
Current:	
Cash and Cash Equivalents	\$ 240,215
Short-Term Investments	1,018,696
Noncurrent:	
Investments	637,000
<b>Total Deposits and Investments</b>	<b>\$ 1,895,911</b>

### NOTE 3 - UNEARNED REVENUE

The Board defers revenue recognition in connection with resources that have been received, but not yet earned. Certificate renewal fees are collected in advance and recorded as unearned revenue at year-end to be recognized as revenue when the license period begins in the next fiscal year. Unearned revenue reported was \$720 and \$51,180 for the periods ended March 31, 2013 and 2012, respectively.

## NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

### NOTE 4 - CAPITAL ASSETS

A summary of changes in the capital assets for the year ended March 31, 2013, is presented as follows:

	Balance April 1, 2012	Additions	Deletions	Balance March 31, 2013
Capital Assets, Non-depreciable:				
Land and Improvements	\$ 300,000	\$ -	\$ -	\$ 300,000
Capital Assets, Depreciable:				
Building	917,143	9,241	-	926,384
Furniture	113,918	-	-	113,918
Equipment	201,613	4,471	(37,172)	168,912
Software	180,337	-	-	180,337
Vehicle	26,622	-	-	26,622
Total Capital Assets, Depreciable	1,439,633	13,712	(37,172)	1,416,173
Less Accumulated Depreciation				
Building	(290,899)	(24,713)	-	(315,612)
Furniture	(111,842)	(561)	-	(112,403)
Equipment	(147,849)	(18,867)	37,172	(129,544)
Software	(154,608)	(13,473)	-	(168,081)
Vehicle	(4,437)	(5,324)	-	(9,761)
Total Accumulated Depreciation	(709,635)	(62,938)	37,172	(735,401)
Total Capital Assets, Depreciable	729,998	(49,226)	-	680,772
Capital Assets, Net	\$ 1,029,998	\$ (49,226)	\$ -	\$ 980,772

When an asset is disposed of, the cost of the asset and the related accumulated depreciation are removed from the financial records. Any gain or loss on disposition is reflected in the earnings for the period. The Board occupies 75% of the building and began leasing the other 25% of the office space during the 2012 fiscal year. Depreciation charged to operations and non-operations was \$56,874 and \$6,063, respectively.

### NOTE 5 - NON-CURRENT LIABILITIES

A summary of changes in non-current liabilities for the year ended March 31, 2013, is presented as follows:

	Balance April 1, 2012	Additions	Deletions	Balance March 31, 2013	Current Portion
Compensated Absences	\$ 77,458	\$ 82,297	\$ 70,111	\$ 89,644	\$ 25,436

**NOTE 6 - EMPLOYEE PENSION PLAN**

The Board participates in the North Carolina Licensing Board Retirement Savings Plan (Plan), which is a defined contribution plan created under Internal Revenue Code Section 401(k). Employees are eligible to participate in the Plan immediately upon employment. For each year of service, employees vest 20% in employer contributions. A 6% contribution, based on eligible employee compensation, is made monthly by both the Board and the employee. Employees may make additional voluntary contributions to the Plan. The Plan is administered by Prudential Insurance Company of America. Board pension costs including administrative fees, totaled \$51,369 and \$52,272 for fiscal years 2013 and 2012, respectively. Employee contributions totaled \$94,261 and \$87,958 for fiscal years 2013 and 2012, respectively.

**NOTE 7 - RISK MANAGEMENT**

The Board is exposed to various risks of loss related to torts; theft of, damage to, and the destruction of assets; errors and omissions; injuries to employees; and natural disasters. These exposures to loss are managed using a combination of methods, including purchase of commercial insurance and self-retention of certain risks. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

**Public Officers and Employees Liability Insurance** – Tort claims against Board members of up to \$1,000,000 are retained by the State under the authority of the State Tort Claims Act. Additional coverage is provided to the Board through the purchase of excess public officers' and employees' liability insurance with a private insurance company.

**Fire, Automobile, and Other Loss Insurance** - Fire, coverage for other property losses, and vehicular liability insurance are covered by contracts with a private insurance company.

**Cyber Risk Insurance** – The Board is protected for losses due to risks associated with e-business, the Internet, networks and informational assets.

**Employee and Computer Fraud** - The Board is protected for losses from employee dishonesty and computer fraud for employees with a private insurance company.

**Comprehensive Major Medical Plan** - Employees are provided health care coverage by Blue Cross Blue Shield of North Carolina. The Plan is funded by employer and employee contributions.



## NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

The Board makes the necessary arrangements to carry out the provisions of the Workers' Compensation Act by purchasing workers' compensation insurance for employees through a private insurance company.

### NOTE 8 - LEASE REVENUE - NON-OPERATING

Effective December 31, 2011, the Board entered into a three-year agreement to lease office space to The Family Resource Center of Raleigh, Inc. The lease agreement called for monthly payments of \$2,500 to be paid for the first year with a three percent annual increase in monthly payment amounts. The Board also incurred \$5,564 for a lease commission that is being recognized as an expense over the term of the lease. Future minimum lease payments to be received under the lease agreement are as follows:

<u>Fiscal Year</u>	<u>Lease Revenue</u>
2014	\$ 31,209
2015	21,218
	<u>\$ 52,427</u>

### NOTE 9 - SCHOLARSHIP AWARD PROGRAMS

The *North Carolina General Statute* 93B-11 allows occupational licensing boards to use the interest earned on its funds for educational purposes to benefit licensees or the public. The Board provides these services through a Uniform CPA Examination "coupon" program and a graduate-level scholarship award program.

The Board awards a coupon, available to one financially-needy student graduating with an undergraduate degree in accounting, to each of the 36 North Carolina colleges and universities which grant undergraduate accounting degrees. Additional coupons are awarded at each of North Carolina's historically black colleges and universities. The coupons are valid for one year from the date of issue and cover the graduating student's initial application fee and the cost of sitting for each section of the Uniform CPA Examination. The current value of each coupon is \$953. The Board accounts for the coupon program by netting the costs associated with the actual redeemed coupons against its examination fee revenues. The cost of the coupon program totaled \$21,793 and \$19,330 for fiscal years 2013 and 2012, respectively.

## NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

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universities that offer a graduate-level degree in accounting. The scholarship is awarded through the college or university in the student's name. The Board accounts for the scholarship program by reporting a scholarship expense at the time the funds are disbursed to the awarding college or university. The cost of the scholarship program totaled \$13,000 and \$6,000 for fiscal years 2013 and 2012, respectively.

### NOTE 10 - FUNCTIONAL EXPENSES

The costs of providing the various programs and activities have been presented by their functional categories in the Statements of Revenues, Expenses, and Changes in Net Position. The Supplementary Schedules accompanying the basic financial statements include a summarization of those expenses by their natural classification for each fiscal year. Following are the functional categories and the services associated with those functions:

**Administrative** - Expenses for the overall direction of the Board, its general board activities, business management, recordkeeping, budgeting, and administrative services. Also included are the costs for the enforcement of all statutes and rules administered by the Board.

**Examination** - Expenses related to the administration of the Uniform CPA Examination by potential candidates including examination and grading costs.

**Building** - Maintenance and upkeep costs related to the Board owned building. Costs are allocated as operating and non-operating based on space leased to other occupants per Note 4.

### NOTE 11 - CHANGES IN FINANCIAL ACCOUNTING AND REPORTING

For the fiscal year ended March 31, 2013, the Board implemented the following pronouncement issued by the Governmental Accounting Standards Board (GASB):

## NOTES TO THE BASIC FINANCIAL STATEMENTS (CONCLUDED)

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GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, supersedes GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided for business-type activities to apply post-November 30, 1989, FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. This Statement has been applied retrospectively and had no impact on the Board's net assets, changes in net assets or financial reporting disclosures.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides guidance on how to present two newer financial statement elements - "deferred inflows" and "deferred outflows" - within a government's financial statements. Format changes to the balance sheet resulted in terminology changes from the "Net Asset" concept to the "Net Position" concept.

### NOTE 12 - RECLASSIFICATION

Information related to payments to employees for services and payments for administrative, examination, and building expenses in the 2012 comparative Statements of Cash Flows has been reclassified to conform to the 2013 presentation.

The Board audit was conducted in 60 hours at a total audit cost of \$7,700.

*North Carolina State Board of Certified Public Accountant Examiners*  
*Schedules of Administrative Expenses*  
*For the Fiscal Years Ended March 31*

	2013	2012
<b>Administrative Expenses</b>		
Salaries and Employee Benefits	\$ 1,211,822	\$ 1,080,761
Legal Counsel and Hearing Expense	41,407	38,691
Travel - Board Members	58,531	47,714
Postage	87,800	76,692
Depreciation	38,686	43,882
Printing	52,848	54,315
Credit Card Fees - License Renewals	40,337	43,297
Travel - Staff	44,383	41,051
Website Maintenance	3,831	14,903
Computer Programming and Assistance	1,740	2,965
Office Supplies	12,479	9,806
Insurance	14,157	9,288
Scholarships	13,000	6,000
Telephone	6,806	6,822
Dues and Subscriptions	12,575	10,911
Audit Fees	7,400	7,125
Clipping Service	4,377	4,369
Professional Continuing Education	3,234	1,850
Equipment Repairs and Maintenance	2,947	5,546
Consulting Fees	-	1,105
Payroll Service	1,819	1,752
Computer Software	43,522	32,735
Equipment Rental	890	869
Banking Fees	3,992	4,144
Miscellaneous	4,696	3,624
<b>Total Administrative Expenses</b>	<b>\$ 1,713,279</b>	<b>\$ 1,550,217</b>

*North Carolina State Board of Certified Public Accountant Examiners*  
*Schedules of Examination Expenses*  
*For the Fiscal Years Ended March 31*

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	<u>2013</u>	<u>2012</u>
<b>Examination Expenses</b>		
Examinations and Grading	\$ 979,094	\$ 1,036,110
Postage	<u>1,380</u>	<u>1,259</u>
<b>Total Examination Expenses</b>	<u>\$ 980,474</u>	<u>\$ 1,037,369</u>

*North Carolina State Board of Certified Public Accountant Examiners*  
*Schedules of Building Expenses*  
*For the Fiscal Years Ended March 31*

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	2013	2012
<b>Building Expenses - Operating</b>		
Depreciation	\$ 18,188	\$ 16,194
Utilities	9,271	6,496
Maintenance	16,681	23,567
Insurance	3,164	2,611
<b>Total Building Expenses - Operating</b>	<b>\$ 47,304</b>	<b>\$ 48,868</b>
 <b>Building Expenses - Non-Operating</b>		
Depreciation	\$ 6,063	\$ 5,049
Utilities	3,090	2,166
Maintenance	5,560	7,855
Insurance	1,055	871
Leasing Commission	1,855	618
<b>Total Building Expenses - Non-Operating</b>	<b>\$ 17,623</b>	<b>\$ 16,559</b>

*North Carolina State Board of Certified Public Accountant Examiners  
Schedules of Budget and Actual - Revenues, Expenses, and Changes in Net Position  
For the Fiscal Years Ended March 31*

	2013		2012	
	Budget	Actual	Budget	Actual
Revenues				
Examination Fees	\$ 1,479,074	\$ 1,435,721	\$ (43,353)	\$ 1,564,688
Licensing Fees	1,298,460	1,295,485	(2,975)	1,275,560
Other	75,520	65,869	(9,651)	58,826
Total Revenues	2,853,054	2,797,075	(55,979)	2,829,056
Expenses				
Personnel	1,292,764	1,256,205	(36,559)	1,149,809
Examination	1,078,300	980,474	(97,826)	1,154,000
Scholarship	10,000	13,000	3,000	10,000
Office	303,000	305,451	2,451	301,825
Board and Legal	123,190	99,938	(23,252)	150,441
Building	51,530	40,675	(10,855)	58,901
Depreciation	-	62,938	62,938	-
Total Expenses	2,858,784	2,758,681	(100,103)	2,824,976
Change in Net Position	(5,730)	38,394	44,124	176,043
Net Position - Beginning of Year	2,281,252	2,281,252	-	2,105,209
Net Position - End of Year	\$ 2,275,522	\$ 2,319,646	\$ 44,124	\$ 2,281,252
				\$ 155,331

NORTH CAROLINA  
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
CASE #: 200602-021

IN THE MATTER OF:  
Michael H. Lippman, #13596  
Respondent

CONSENT ORDER

THIS CAUSE, coming before the North Carolina State Board of CPA Examiners ("Board") at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N.C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following FINDINGS OF FACT:

1. Michael Lippman ("Respondent") is the holder of North Carolina certificate number 13596 as a Certified Public Accountant.
2. Beginning in 1998, Respondent was the National Partner in Charge of National Tax Services for KPMG. One of the groups under Respondent's authority was the Washington National Tax Practice ("WNT").
3. For the time period from about 1996 through 2002, KPMG developed, implemented, and marketed certain tax shelters including KPMG's Foreign Leveraged Investment Program ("FLIP"), Bond Linked Issue Premium Structure ("BLIPS"), Offshore Portfolio Investment Strategy ("OPIS"), and Short Option Strategy ("SOS"), as well as other variants on those programs (hereinafter the "Tax Shelters").
4. KPMG marketed its Tax Shelters to residents in the State of North Carolina and implemented some of those Tax Shelters on behalf of its North Carolina clients.
5. On February 14, 2012, KPMG entered into a Consent Order with the Board regarding the Tax Shelters. The Consent Order imposed sanctions on KPMG based upon the actions of certain of its former partners and employees in developing, marketing and implementing of the Tax Shelters.
6. Although Respondent did not develop, market or implement the Tax Shelters, certain partners within WNT were involved in developing the Tax Shelters.



Consent Order - 2  
Lippman, Michael

7. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

Based upon the foregoing findings, the Board makes the following CONCLUSIONS OF LAW:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes ("Accountancy Act") and Title 21, Chapter 8 of the North Carolina Administrative Code including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board ("Board Rules").
2. The aforementioned actions by members of KPMG's Washington National Tax Practice constitute violations of 21 NCAC 08N .0201, .0202(a), .0203(a) and .0212(2). Those violations are attributable to Respondent by virtue of 21 NCAC 08N .0103, which makes Respondent responsible for assuring compliance by anyone who is his partner or who is supervised by him.
3. Per N.C. Gen. Stat. § 93-12(9) and also by virtue of Respondent's consent to this order, Respondent is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondent agree to the following Order:

1. The Certified Public Accountant certificate issued to Respondent, Michael Lippman, is suspended for five years. That suspension is stayed. The stay may be lifted in the event the Board proves Respondent has violated any provision of the Accountancy Act or Board Rules.
2. Respondent shall remit, with this signed Order, a one thousand dollar (\$1,000.00) civil penalty.
3. Respondent shall reimburse the Board for the administrative costs incurred by the Board in its investigation of this matter. Those administrative costs must be remitted to the Board with this signed Order.

Consent Order - 3  
Lippman, Michael

CONSENTED TO THIS THE 26<sup>th</sup> DAY OF August, 2013.

  
Michael Lippman

APPROVED BY THE BOARD THIS THE 23 DAY OF SEPTEMBER, 2013.

NORTH CAROLINA STATE BOARD OF CERTIFIED  
PUBLIC ACCOUNTANT EXAMINERS



BY:   
Vice-President

NORTH CAROLINA  
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
CASE #: C2011140

IN THE MATTER OF:  
James R. Hovis, Jr., #17242  
Respondent

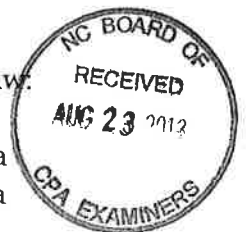
CONSENT ORDER

THIS CAUSE, coming before the North Carolina State Board of CPA Examiners ("Board") at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N. C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following:

1. James R. Hovis, Jr., (hereinafter "Respondent") is the holder of North Carolina certificate number 17242 as a Certified Public Accountant.
2. At all times relevant, Respondent was an owner of James R. Hovis, Jr. Certified Public Accountant, PLLC (hereinafter "Firm"), and was responsible for the Firm's operations, including the Firm's payroll tax deposits and retirement accounts.
3. The Firm offered to certain employees a retirement plan with an employer match (hereinafter "Retirement Plan"). For a period of time, Respondent failed to transfer his employees' deferred compensation into the Retirement Plan.
4. Respondent failed to timely remit 941 payments for some of the quarters between March 2006 and September 2010.
5. Respondent also failed to timely file the Firm's quarterly 941 returns at least once.
6. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina



Consent Order - 2  
James R. Hovis, Jr.

Administrative Code, including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent's actions as set out above constitute violations of NCAC 08N .0201, .0203, and .0207.
3. Per N.C. Gen. Stat. § 93-12(9) and also by virtue of Respondent's consent to this order, Respondent is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondent agree to the following Order:

1. Respondent's CPA certificate shall be suspended for two (2) years; however, said suspension shall be stayed. If the Respondent fails to timely comply with any and all terms of this Order, the stay of the suspension referenced shall be lifted.
2. Respondent shall remit, with this signed Order, a one thousand dollar (\$1,000.00) civil penalty.
3. Respondent shall reimburse the Board seven thousand five hundred dollars (\$7,500.00) for the administrative costs incurred by the Board in its investigation of this matter. Those costs must be remitted to the Board no later than six (6) months from the date this Order is approved by the Board.
4. Respondent must provide the Board, over the next two (2) years, with proof that the quarterly payroll obligations for the Firm have been timely filed and paid.

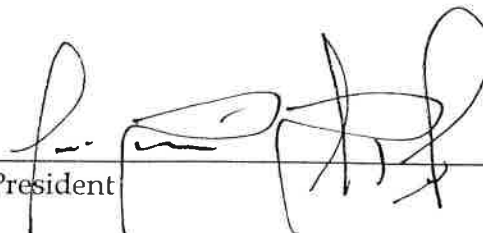
CONSENTED TO THIS THE 20 DAY OF August, 2013.

  
Respondent

APPROVED BY THE BOARD THIS THE 23 DAY OF SEPTEMBER, 2013.

NORTH CAROLINA STATE BOARD OF CERTIFIED  
PUBLIC ACCOUNTANT EXAMINERS



BY:   
President



NORTH CAROLINA  
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
CASE #s: C2012183-1 and C2012183-2

IN THE MATTER OF:

James E. Avent, Jr. #16850  
James E. Avent, Jr., CPA  
Respondents

CONSENT ORDER

THIS CAUSE, coming before the North Carolina State Board of CPA Examiners ("Board") at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N. C. Gen. Stat. § 150B-41, the Board and Respondents stipulate to the following:

1. Respondent James E. Avent, Jr. (hereinafter "Respondent Avent") is the holder of North Carolina certificate number 16850 as a Certified Public Accountant.
2. Respondent James E. Avent, Jr., CPA (hereinafter "Respondent Firm"), is a registered certified public accounting firm in North Carolina. Respondent Avent is the sole owner of Respondent Firm and has been individually responsible for the conduct of Respondent Firm.
3. In September of 2011, the Internal Revenue Service ("IRS") filed tax liens against Respondents for failure to insure payment of 940 and 941 taxes totaling \$14,285.01. Respondents had timely filed all 940 and 941 tax forms, but had not paid all taxes due in full at the time of filing.
4. By April 23, 2012, Respondents paid all of the delinquent taxes. All tax liens were released on May 11, 2012.
5. Respondents wish to resolve these matters by consent and agree that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondents understand and agree that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondents are subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative Code, including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.



Consent Order - 2  
James E. Avent, Jr.  
James E. Avent, Jr., CPA

2. Respondents' actions as set out above constitute violations of 21 NCAC 08N .0201, .0203(a), and .0207.
3. Per N.C. Gen. Stat. § 93-12(9) and also by virtue of Respondents' consent to this order, Respondents are subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondents agree to the following Order:

1. Respondent Avent voluntarily surrenders his North Carolina CPA certificate without the ability to apply for reissuance, reinstatement, or modification of discipline. As such, Respondent Avent shall not offer or render services as a CPA or otherwise trade upon or use the CPA title in this State whether through CPA mobility provisions or substantial equivalency practice privileges or in any other manner.
2. Respondent Firm, James E. Avent, Jr., CPA, voluntarily surrenders its firm registration.
3. Respondents waive any rights, privileges, or protections that may be afforded by 21 NCAC 08J .0106, 08I .0104, or N.C. Gen. Stat. § 93-10.

CONSENTED TO THIS THE 19<sup>th</sup> DAY OF JULY, 2013.



Respondent



Individual authorized to sign on behalf of Respondent Firm

APPROVED BY THE BOARD THIS THE 23 DAY OF SEPTEMBER, 2013.

NORTH CAROLINA STATE BOARD OF CERTIFIED  
PUBLIC ACCOUNTANT EXAMINERS



BY:   
President



NORTH CAROLINA  
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
CASE #: C2012311-1

IN THE MATTER OF:

James G. Kimbrough, Jr. Certified Public Accountant  
Respondent

CONSENT ORDER

THIS CAUSE, coming before the North Carolina State Board of CPA Examiners ("Board") at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N. C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following:

1. Respondent James G. Kimbrough, Jr. Certified Public Accountant (hereinafter "Respondent firm"), is a registered certified public accounting firm in North Carolina.
2. Respondent firm received a "fail" on its most recent system peer review, with an acceptance letter date of December 19, 2012.
3. Respondent firm failed to adopt and maintain a system of quality control and failed to perform an audit in accordance with standards.
4. Respondent firm wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent firm understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent firm is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative



Code, including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent firm's failure to perform an audit in accordance with standards is a violation of 21 NCAC 08N .0403 and .0212.
3. By virtue of Respondent firm's consent to this order, Respondent firm is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondent firm agree to the following Order:

1. Respondent firm is censured.
2. Respondent firm shall provide a written statement to the Board that it will no longer be participating in, performing, or reviewing any engagements subject to peer review.
3. Prior to Respondent firm participating in, performing, or reviewing any engagements subject to peer review, Respondent firm shall be required to complete the following:
  - a. Respondent firm shall provide prior notification to the Board of Respondent firm's intention to enter into engagements subject to peer review;
  - b. Each of Respondent firm's professional staff participating in engagements subject to peer review shall take a minimum of sixteen (16) hours of Audit CPE coursework in a group study format. After Respondent firm begins participating in, performing, or reviewing any engagements subject to peer review, each staff member shall complete eight (8) hours of Audit CPE coursework as part of their annual CPE requirement until Respondent firm receives a pass on a system peer review, or a pass or pass with deficiencies on an engagement peer review; and
  - c. Pre-issuance reviews, to be performed by a pre-issuance reviewer approved by the Board, for all peer review engagements until a determination is made by the Board that those engagements can be





Consent Order - 3

James G. Kimbrough, Jr. Certified Public Accountant

performed by Respondent firm in accordance with applicable standards.

CONSENTED TO THIS THE 14 DAY OF AUGUST, 2013.

James G. Kimbrough, Jr., CPA  
Individual authorized to sign on behalf of Respondent Firm

APPROVED BY THE BOARD THIS THE 23 DAY OF SEPTEMBER, 2013.

NORTH CAROLINA STATE BOARD OF CERTIFIED  
PUBLIC ACCOUNTANT EXAMINERS



BY: \_\_\_\_\_

President

[Signature]



NORTH CAROLINA  
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
CASE #: C2012354

IN THE MATTER OF:  
Kenneth C. Porter, #12546 (Inactive)  
Respondent

CONSENT ORDER

THIS CAUSE, coming before the North Carolina State Board of CPA Examiners ("Board") at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N. C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following:

1. Kenneth C. Porter (hereinafter "Respondent") was the holder of North Carolina certificate number 12546 as a Certified Public Accountant. In July of 2012, Respondent applied for and was granted "Inactive" status.
2. In December of 2011, Respondent sold his North Carolina CPA firm to another North Carolina CPA firm ("Purchasing firm"), which included a covenant of non-competition placing restrictions on his practice in the area.
3. In letters sent to the clients of his firm, Respondent informed the clients that he had "merged" his firm with the Purchasing firm, referencing a "combined firm" and "new partners."
4. Respondent failed to obtain client authorization before releasing confidential client information to the Purchasing firm.
5. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina



Consent Order - 2  
Kenneth C. Porter

Administrative Code, including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Respondent's releases of confidential client information without prior authorization by the clients constitute violations of 21 NCAC 08N .0205.
3. Per N.C. Gen. Stat. § 93-12(9) and also by virtue of Respondent's consent to this order, Respondent is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondent agree to the following Order:

1. Respondent is censured.
2. Respondent shall pay a one thousand dollar (\$1,000.00) civil monetary penalty to be remitted with this signed Consent Order.

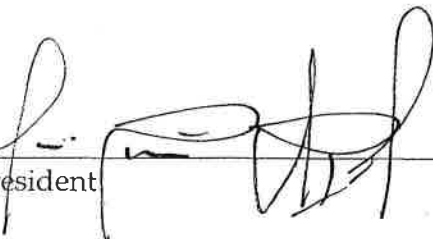
CONSENTED TO THIS THE 12 DAY OF August, 2013.

  
Respondent

APPROVED BY THE BOARD THIS THE 23 DAY OF SEPTEMBER, 2013.

NORTH CAROLINA STATE BOARD OF CERTIFIED  
PUBLIC ACCOUNTANT EXAMINERS



BY:   
President



NORTH CAROLINA  
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
CASE #: C2013004

IN THE MATTER OF:  
William Knox Lively, #26469  
Respondent

CONSENT ORDER

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N.C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following Findings:

1. Respondent is the holder of North Carolina certificate number 26469 as a Certified Public Accountant.
2. Respondent informed the Board on his 2011-2012 and 2012-2013 individual certificate renewals ("Renewals") that he had obtained all necessary CPE, including the required ethics CPE, for the years 2010 and 2011.
3. Based on Respondent's representation, the Board accepted his Renewals.
4. Board staff subsequently requested that Respondent provide certificates of completion for the CPE reported to meet his 2011 requirements (the "CPE Audit").
5. In response to the CPE Audit, Respondent provided documentation that, on its face, indicated that Respondent had met all 2011 CPE requirements.
6. Respondent later decided to send an unsolicited letter to the Board admitting that he had created a certificate of completion for a 2011 ethics course in order to pass the CPE Audit.
7. In the same letter, Respondent also admitted that he had not completed his 2010 ethics requirement.
8. Respondent was otherwise able to provide certificates of completion to show compliance with the 40-hour annual CPE requirement for 2010 and 2011.
9. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent understands and agrees that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board meeting.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Respondent's actions as set out above constitute violations of 21 NCAC 08N .0201, .0202(a), .0202(b)(3), .0202(b)(4), .0203(a), and .0203(b)(1).
3. Per N.C. Gen. Stat. § 93-12(9) and also by virtue of Respondent's consent to this Order, Respondent is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondent agree to the following Consent Order:

1. The Certified Public Accountant certificate issued to Respondent, William Knox Lively, is hereby suspended for five (5) years.
2. Respondent shall not offer or render services as a CPA or otherwise trade upon or use the CPA title in this state either through CPA mobility provisions or substantial equivalency practice privileges or in any other manner, nor shall Respondent claim or attempt to use any practice privileges in any other state during the period of active suspension of his North Carolina certificate.

CONSENTED TO THIS THE 28<sup>th</sup> DAY OF August, 2013.

William Knox Lively  
Respondent

APPROVED BY THE BOARD THIS THE 23 DAY OF SEPTEMBER, 2013.

NORTH CAROLINA STATE BOARD OF CERTIFIED  
PUBLIC ACCOUNTANT EXAMINERS



BY: [Signature]  
President

NORTH CAROLINA  
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
CASE #s: C2013041 and C2013106

IN THE MATTER OF:  
Hiestand, Brand, Loughran, P.A.  
Christopher Lee Hiestand, #N1522  
Respondents

CONSENT ORDER

THIS CAUSE, coming before the North Carolina State Board of CPA Examiners ("Board") at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N. C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following:

1. Hiestand, Brand, Loughran, P.A. (hereinafter "Respondent Firm") is a registered certified public accounting professional corporation in North Carolina.
2. Christopher Lee Hiestand (hereinafter "Respondent Hiestand") is the holder of a valid and unrevoked certificate as a certified public accountant issued by the State of Florida. Respondent Hiestand has a principal place of business outside of the State of North Carolina, but has, as set forth below, exercised a practice privilege to perform services in this State. As such, Respondent Hiestand is subject to the laws, rules, jurisdiction, and disciplinary authority of this Board, per N.C. Gen. Stat. § 93-10(b). Additionally, Respondent Hiestand has filed a North Carolina "Intent to Practice" number N1522 as a Certified Public Accountant.
3. Respondent Firm complied with applicable firm registration requirements and registered with the Board under a compliant firm name.
4. Despite its registration under a compliant firm name, Respondent Firm failed to use that firm name in conducting business in this State.
5. Respondent Firm has identified Respondent Hiestand as the CPA in charge of ensuring Respondent Firm's compliance with this State's regulations.
6. Respondents wish to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondents understand and agree that this Consent Order is subject to review and approval by the Board and is not effective until approved by the Board at a duly constituted Board Meeting.



BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondents are subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative Code, including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Respondents' actions as set out above constitute violations of 08N .0306 and .0307.
3. Per N.C. Gen. Stat. §§ 93-12(9) and 93-10(b) and also by virtue of Respondents' consent to this order, Respondent is subject to the discipline set forth below.

BASED on the foregoing and in lieu of further proceedings, the Board and Respondents agree to the following Order:

1. Respondent Hiestand is censured.
2. Respondent Firm is censured.
3. Respondent Firm shall pay a one thousand dollar (\$1,000.00) civil monetary penalty to be remitted with this signed Consent Order.

CONSENTED TO THIS THE 15<sup>th</sup> DAY OF AUGUST, 2013.

  
Respondent Hiestand



Individual authorized to sign on behalf of Respondent Firm

APPROVED BY THE BOARD THIS THE 23 DAY OF SEPTEMBER, 2013.

NORTH CAROLINA STATE BOARD OF CERTIFIED  
PUBLIC ACCOUNTANT EXAMINERS



BY:   
President



NORTH CAROLINA  
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
CASE #: C2013109

IN THE MATTER OF:  
Jeremy D. Parvin, #28446  
Respondent

CONSENT ORDER

THIS CAUSE, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to N.C. Gen. Stat. § 150B-41, the Board and Respondent stipulate to the following Findings:

1. Respondent is the holder of North Carolina certificate number 28446 as a Certified Public Accountant.
2. Respondent informed the Board on his 2012-2013 individual certificate Renewal ("Renewal") that between January 1, 2011, and June 30, 2012, he had obtained forty (40) hours of continuing professional education ("CPE"), had completed the annual approved ethics CPE course, and had completed at least eight (8) hours of non-self-study CPE to meet the 2011 CPE requirements.
3. Based on Respondent's representation, the Board accepted his Renewal.
4. Board staff requested that Respondent provide certificates of completion for the CPE reported to meet his 2011 and 2012 requirements.
5. Respondent provided the CPE certificates of completion to the Board as requested. Respondent was able to provide documentation for forty (40) hours of continuing professional education ("CPE") to meet the 2011 and 2012 CPE requirements. However, Respondent was not able to provide documentation of acceptable ethics courses to meet the annual ethics CPE requirements.
6. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Consent Order with the Board *ex parte*, whether or not the Board accepts this Consent Order as written. Respondent understands and agrees that this Consent Order is subject to





review and approval by the Board and is not effective until approved by the Board at a duly constituted Board meeting.

BASED upon the foregoing, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes and Title 21, Chapter 08 of the North Carolina Administrative Code, including the Rules of Professional Ethics and Conduct promulgated and adopted herein by the Board.
2. Respondent's actions as set out above constitute violations of 21 NCAC 08N .0202(a), .0202(b)(3), and .0202(b)(4).
3. Per N.C. Gen. Stat. § 93-12(9) and also by virtue of Respondent's consent to this Order, Respondent is subject to the discipline set forth below.

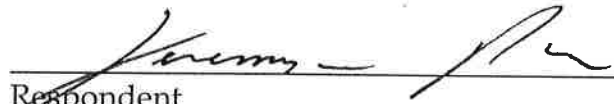
BASED on the foregoing and in lieu of further proceedings, the Board and Respondent agree to the following Consent Order:

1. Respondent's failure to provide adequate documentation of ethics CPE renders the Renewal insufficient and untimely. Respondent's failure to adequately renew his certificate results in an automatic forfeiture pursuant to N.C. Gen. Stat. § 93-12(15).
2. Respondent must return his certificate to the Board within fifteen (15) days of Respondent's receipt of the Board's notification of its approval of this Consent Order.
3. Respondent may apply for the reissuance of his certificate after one (1) year from the date the Board approves this Consent Order and if Respondent's certificate and the civil penalty required in number five (5) of this Order have been timely received by the Board.
4. Respondent may apply to return his certificate to active status by submission and approval of a reissuance application which includes:
  - a. Application form,
  - b. Payment of the application fee,
  - c. Three (3) moral character affidavits, and
  - d. Forty (40) hours of CPE in the twelve (12) months preceding the application, including an eight (8) hour accountancy law course as offered by the North Carolina Association of CPAs.



5. Respondent shall pay a one thousand dollar (\$1,000.00) civil penalty to be remitted to the Board prior to submitting a reissuance application.
6. Respondent agrees that failure to timely comply with any terms of this agreement and Consent Order shall be deemed sufficient grounds for revocation of her certificate.

CONSENTED TO THIS THE 16<sup>th</sup> DAY OF August, 2013.

  
Respondent

APPROVED BY THE BOARD THIS THE 23 DAY OF SEPTEMBER, 2013.

NORTH CAROLINA STATE BOARD OF CERTIFIED  
PUBLIC ACCOUNTANT EXAMINERS



BY:   
President



NORTH CAROLINA  
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
CASE #C2013153

IN THE MATTER OF:  
Aletta M. Lane, #29180  
Respondent

ORDER

THIS MATTER having come before the Board with a quorum present, and having been consented to by the Respondent, the Board finds and orders as follows:

1. Aletta M. Lane (hereinafter "Ms. Lane") is the holder of a certificate as a Certified Public Accountant in North Carolina.
2. Ms. Lane failed to timely renew or cancel the annual firm registration for Aletta M. Lane, CPA, in accordance with provisions as required by N. C. Gen. Stat. § 93-12 (7b) and 21 NCAC 08J .0108 (b) and (g), and 08N .0213.
3. On February 7, 2013, Ms. Lane informed the Board that she does not desire to renew the firm registration for Aletta M. Lane, CPA, for the coming year.
4. Pursuant to 21 NCAC 08J .0111(1), because Ms. Lane's infraction was for a period of less than 60 days, the appropriate penalty is \$100.00.
5. Ms. Lane has paid her civil penalty and consents to the entry of this Order and has waived any right to a hearing.
6. The Board members present, representing a quorum of the Board, have unanimously decided to accept Ms. Lane's payment as full resolution of the aforementioned rules violation.

This the 23 day of SEPTEMBER, 2013.



NORTH CAROLINA STATE BOARD OF CERTIFIED  
PUBLIC ACCOUNTANT EXAMINERS

BY: \_\_\_\_\_  
President

NORTH CAROLINA  
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
CASE #C2013155

IN THE MATTER OF:  
Patsy Rutledge Bolick, #19567  
Respondent

ORDER

THIS MATTER having come before the Board with a quorum present, and having been consented to by the Respondent, the Board finds and orders as follows:

1. Patsy Rutledge Bolick (hereinafter "Ms. Bolick") is the holder of a certificate as a Certified Public Accountant in North Carolina.
2. Ms. Bolick failed to timely renew or cancel the annual firm registration for Patsy Rutledge Bolick, CPA, in accordance with provisions as required by N. C. Gen. Stat. § 93-12 (7b) and 21 NCAC 08J .0108 (b) and (g), and 08N .0213.
3. On April 5, 2013, Ms. Bolick informed the Board that she does not desire to renew the firm registration for Patsy Rutledge Bolick, CPA, for the coming year.
4. Pursuant to 21 NCAC 08J .0111(2), because Ms. Bolick's infraction was for a period of more than 60 days, but less than 120 days, the appropriate penalty is \$200.00.
5. Ms. Bolick has paid her civil penalty and consents to the entry of this Order and has waived any right to a hearing.
6. The Board members present, representing a quorum of the Board, have unanimously decided to accept Ms. Bolick's payment as full resolution of the aforementioned rules violation.

This the 23 day of SEPTEMBER, 2013.



NORTH CAROLINA STATE BOARD OF CERTIFIED  
PUBLIC ACCOUNTANT EXAMINERS

BY: \_\_\_\_\_  
President

NORTH CAROLINA  
WAKE COUNTY

BEFORE THE NORTH CAROLINA STATE BOARD OF  
CERTIFIED PUBLIC ACCOUNTANT EXAMINERS  
CASE #C2013160

IN THE MATTER OF:

Douglas Justin Campbell, #29539  
Respondent

ORDER

THIS MATTER having come before the Board with a quorum present, and having been consented to by the Respondent, the Board finds and orders as follows:

1. Douglas Justin Campbell (hereinafter "Mr. Campbell") is the holder of a certificate as a Certified Public Accountant in North Carolina.
2. Mr. Campbell failed to timely renew or cancel the annual firm registration for Campbell CPA, PC, in accordance with provisions as required by N. C. Gen. Stat. § 93-12 (7b) and 21 NCAC 08J .0108 (b) and (g), and 08N .0213.
3. Pursuant to 21 NCAC 08J .0111(3), because Mr. Campbell's infraction was for a period of more than 120 days, the appropriate penalty is \$500.00.
4. Mr. Campbell has paid his civil penalty and consents to the entry of this Order and has waived any right to a hearing.
5. The Board members present, representing a quorum of the Board, have unanimously decided to accept Mr. Campbell's payment as full resolution of the aforementioned rules violation.

This the 23 day of SEPTEMBER, 2013.



NORTH CAROLINA STATE BOARD OF CERTIFIED  
PUBLIC ACCOUNTANT EXAMINERS

BY: \_\_\_\_\_  
President



THE NORTH CAROLINA STATE BOARD OF CERTIFIED PUBLIC  
ACCOUNTANT EXAMINERS

IN THE MATTER OF:  
Randeep Singh Brar  
Respondent, Case #C2013024

NOTICE OF APPARENT VIOLATION  
AND DEMAND TO CEASE AND DESIST

TO THE ABOVE NAMED RESPONDENT:

WHEREAS, the North Carolina State Board of Certified Public Accountant Examiners ("Board") is authorized by N.C. Gen. Stat. § 93-12 (16) to enforce the provisions of the North Carolina Certified Public Accountant Act through actions for injunctive relief regarding "a single violation" of this Chapter;

WHEREAS, pursuant to N.C. Gen. Stat. § 93-1, "A 'certified public accountant' is a person who holds a certificate as a certified public accountant issued under the provisions of this Chapter";

WHEREAS, pursuant to N.C. Gen. Stat. § 93-3, "It shall be unlawful for any person who has not received a certificate of qualification or not been granted a practice privilege under GS 93-10 admitting the person to practice as a certified public accountant to assume or use such a title, or to use any words, letters, abbreviations, symbols or other means of identification to indicate that the person using same has been admitted to practice as a certified public accountant";

WHEREAS, pursuant to N.C. Gen. Stat. § 93-6, "It shall be unlawful for any person to engage in the public practice of accountancy in this State who is not a holder of a certificate as a certified public accountant issued by the Board, unless such person uses the term 'accountant' and only the term 'accountant' in connection with his name on all reports, letters of transmittal, or advice, and on all stationery and documents used in connection with his services as an accountant, and refrains from the use in any manner of any other title or designation in such practice."

WHEREAS, Respondent Randeep Singh Brar (hereinafter "Brar") is actively licensed as a certified public accountant in the Commonwealth of Virginia, but he is not now, nor has he ever been, licensed as a certified public accountant in North Carolina;

WHEREAS, Brar lives, and has a principal place of business, in the State of North Carolina;

WHEREAS, Brar, while living and working in North Carolina, has held himself out as a certified public accountant as evinced by an audit report issued to a North Carolina client which Brar signed as a "Certified Public Accountant."

WHEREAS, Brar engaged in the public practice of accountancy by performing an audit and issuing an audit report without either obtaining licensure in this State or using the title "accountant" and only "accountant."

THEREFORE, Brar is hereby notified and the North Carolina State Board of Certified Public Accountant Examiners demands that he immediately cease and desist from offering services or using in any manner the title "CPA" or "Certified Public Accountant" in North Carolina unless and until Brar has been licensed as a CPA by the North Carolina State Board of Certified Public Accountant Examiners.

North Carolina State Board of Certified Public Accountant Examiners

BY: [Signature] DATE: 8-8-13  
Frank X. Trainor, III  
Board Staff Attorney

In lieu of civil proceedings authorized by N.C. Gen. Stat. § 93-12(16), the Board will accept Respondent's consent to this Demand.

Consented to:  
BY: [Signature] DATE: 8/29/2013  
Randeep Singh Brar

WAKE County, North Carolina

Signed and sworn to (or affirmed) before me this day by Randeep Singh Brar  
Name of principal

Date: 8/29/2013



[Signature]  
Official Signature of Notary

Marion R. Speller, Notary Public  
Notary's printed or typed name

My commission expires: 3/29/2014